APPENDIX B

Empirical Sample Construction—Methodology

The original data I refer to in my March 16 declaration comes from a study of a representative sample of 485 publicly-available leveraged term loans. I assembled the sample as follows:

- The loans were sourced from Practical Law's "Credit Agreements: Comprehensive Deal Database," a Thomson Reuters database service that pulls loans from SEC filings, on February 3, 2023. (Leveraged loans are "material definitive agreements" that reporting companies must file on Form 8-K.)
- I applied the following filters in the database's search tool:
  - Type of Loan: (i) **Term only** and (ii) **Revolver and Term**
  - Category: **Senior Loan** (This filters out ABLs, DIP loans, second-lien loans, "subordinated" loans, and a small category of what Practical Law calls "covenant-lite" loans.)
  - Investment grade: **No**
  - Secured? **Yes**
  - Date range: **2011** (when database begins) **through Nov. 8, 2016** (when the 2016 First Lien Term Loan was originated)
- My search yielded 854 loans—167 to sponsor-backed borrowers and 687 to non-sponsored borrower.
- I then manually excluded deals in which the term loan (or the largest term loan, for contracts creating multiple term tranches) was less than $200m. This yielded 499 loans—98 to sponsor-backed borrowers and 401 to non-sponsored borrowers.
- My research assistant excluded 14 contracts that he deemed illegible. What remained was the analysis sample of 485 leveraged term loans.